

we allocate it. How do we get money where it does the most good to build our economy and build the success of our families? We have a couple of different ways of doing that in our Nation. One is that we make a deposit in a bank, and the bank also has access to the Federal Reserve window, where they get very low cost loans. The intent of us providing both access to the Fed window and the low-cost loan and providing a government insurance on deposits is that this money is going to go into loans to our families and our small businesses. That access to capital is absolutely essential for building our small businesses.

Right now, our businesses are having a difficult time accessing capital. I bet every Member of this body has gone around their States and heard the stories I hear in Oregon. I hear about credit lines being cut in half or eliminated. I hear about projects where they are ready to seize a business opportunity but that opportunity is blocked because they cannot get a loan they would have gotten in a heartbeat last year or 2 years ago or 3 years ago. Those opportunities are not just about the success of the business; they are about the success of our families because when those small businesses expand, they put people to work.

Right now, access to capital is frozen through much of our economy, inaccessible to our families and small businesses to be able to seize those opportunities to expand. Why is that? It is because we put in the same house both our lending system and our high-risk investing system. Both of these work very well.

Let me explain the high-risk investing side. If you are so fortunate as to have a big chunk of capital, you may say: I am going to put this into this private equity fund or venture capital fund or this hedge fund, and they are going to have some very capable managers who are going to look for investments—often high-risk opportunities. They will scour the United States, and they are going to find opportunities to invest. A lot of the time those investments pay off handsomely. Those who are fortunate enough to have the funds to be able to put them into such investment vehicles often do very well.

Occasionally, the bets that are made go awry. Why is that? Well, a fund says: You know what, there is a huge new opportunity in Russia, for example, because the price of oil is going up and they have a lot of oil they want to develop. They are changing their rules and there are new opportunities for business to thrive and take advantage of those new rules. So they invest in Russia, but something goes wrong and the price of oil drops and their investments blow up—suddenly, the investment fund blows up.

If that investment fund is by itself, it doesn't really hurt the rest of the economy. As long as it is by itself and not systemically so large that it poses a huge risk to the rest of the economy,

and it goes bust, the investors simply lose their money. No harm done. But if it is inside of a bank, now you have a problem because when that goes bust, the bank is responsible for the responsibilities of that fund, and the result is that the bank goes down.

We saw that Citibank went down. We saw so many other big banks—when I say “went down,” I mean they had huge losses. Citibank is still alive. I know the folks in South Dakota will be happy to know that. They had huge losses, and the former chair of Citibank believes we need to separate the high-risk investing and the function of depositing, accessing money through the Fed, and making those loans to our families and small businesses so they can thrive. It is a separation between two functions.

I would be happy to yield to my colleague if he wants to explain why he is objecting to having a debate on the floor of the Senate that is a debate that is so important to the success of our small businesses, so important to the success of our families, that is so important because we should have learned over what happened in the last 2 years that if these two functions are combined, they hurt each other. Why would we not want to debate the diversion of money out of the hands of our small businesses and into Wall Street? I would yield if my colleague across the aisle would like to say why he is objecting to having this debate tonight. If he would like to jump up later and explain it, I will take that comment at that time.

We cannot do our job here in the Senate if a Senator blocks the debate of issues that are important to the success of our Republic. We cannot do our job here in the Senate if a Senator blocks the debate of issues that are important to our families. We cannot do our job if folks, on behalf of Wall Street giants, come to the floor and object to the debate of fixing our financial system so our small businesses can thrive.

I can tell you this: Back home, people know that this body helped out the biggest corporations in America last year in a very difficult time for them, when many of them would have gone bust. They want to know why this body, tonight, is unwilling to debate changes in the law that will help the small businesses of America, changes that will help the families of America, debate that will enable us to discuss improving our system so that we can have decades of solid growth in the years ahead. Why should Wall Street veto a debate in this body tonight for Main Street? I can't explain that to the folks back home.

I can't explain to the folks back home that we have an amendment that has been carefully worked on for months; that there are colleagues on both sides of the aisle who wanted to have this debate; that we have an amendment that was worked on very carefully with experts from Wall Street

to make sure we got it right; that we have an amendment about which the Treasury Department called in experts, brought them in through meetings and said: Here is the challenge, here is what you need to do and how you can fix it. How do I explain to them that, with all that work, we could have a rational debate. But it isn't going to happen because Wall Street is asking colleagues to block the debate for the American people. Why is Wall Street winning and Main Street losing tonight? I would like an explanation. The American people would like an explanation.

Another piece of this bill says that nonbank financial organizations—by this, you can simply say hedge funds and equity funds, funds that pool money and make risky investments—that if they are so large, they pose a risk to the economy as a whole, then the regulators can add additional capital requirements, so they have to set aside more dollars for every dollar they invest.

Two years ago, the SEC lifted the capital requirements on the largest five investment banks in America. Bear Stearns went from 20-to-1 leverage to 40-to-1 leverage in 1 year. What do I mean by that? For every dollar they set aside in case investments went bad, they invested \$20. So you only had to have a 5-percent drop in value to wipe out what they set aside. At the end of the year, they got 40-to-1 leverage, and that meant for every \$100 invested, they only had \$2.50 set aside, and you only needed 2.5 percent reduction in investments to go bust. What kind of regulation system would allow 40-to-1 leverage?

Should we not have a debate on the second main piece of this amendment, which says that regulators, when you have a systemically significant firm, can increase the leverage requirement, increase the capital set aside, so that firm is not operating in a way that it can bring down our economy or punch a huge hole in our economy?

So the first part of the amendment says that high-risk investing is wonderful for allocating capital but do it away from our lending system so that our small businesses and our families can have access to a steady flow of capital, so that capital will not be frozen when investments go bad.

The second part of the amendment says: Give the regulators the power to increase the capital requirement when they are large and can tear a big hole, so if they do crazy, risky things and they lose, they do not hurt the rest of the economy. I think it is common sense. Why is that debate so scary to my colleagues who are objecting to it tonight?

This is not about whether the amendment wins. We offered tonight to have this vote with our arms tied behind our back and one leg. What do I mean by that? We offered to have this vote tonight with a 60-vote requirement, even though a number of Democratic Senators are missing—a supermajority requirement so that we can have a debate